

**ATCHAFALAYA BASIN LEVEE DISTRICT
STATE OF LOUISIANA**

**Independent Accountants' Report on Applying
Agreed-Upon Procedures**

June 30, 2012

**INDEPENDENT ACCOUNTANTS' REPORT
ON APPLYING AGREED-UPON PROCEDURES**

**To the Board Members
Atchafalaya Basin Levee District
State of Louisiana
Port Allen, Louisiana**

We have performed the procedures enumerated below as they are a required part of the engagement. We are required to perform each procedure and report the results, including any exceptions. Management is required to provide a corrective action plan that addresses all exceptions noted. For any procedures that do not apply, we have marked "*not applicable*."

Management of the Atchafalaya Basin Levee District, State of Louisiana (the District) is responsible for its financial records, establishing internal controls over financial reporting, and compliance with applicable laws and regulations. These procedures were agreed to by management of the District and the Legislative Auditor, State of Louisiana, solely to assist the users in assessing certain controls and in evaluating management's assertions about the District compliance with certain laws and regulations during the year ended June 30, 2012.

This agreed-upon procedures engagement was performed in accordance with attestation standards established by the American Institute of Certified Public Accountants and applicable standards of Government Auditing Standards. The sufficiency of these procedures is solely the responsibility of the specified users of this report. Consequently, we make no representation regarding the sufficiency of the procedures described below either for the purpose for which this report has been requested or for any other purpose

General

1. Determine if there are adequate written policies and procedures for the primary financial/business functions of the entity (budgeting, receipts, purchasing, disbursements, payroll/personnel, contracting, travel, related parties, and ethics).

Written policies and procedures were reviewed and determined to be adequate for all primary financial/business functions.

2. Using the financial statements or AFR, perform analytical procedures comparing current and prior year financial statements, by line item. Identify and obtain explanations for variances of 10% or greater for line items that are 10% or more of the respective total assets, liabilities, equity, revenues, or expenses.

Explanations were obtained for all variances of 10% or greater for line items that were 10% or more of the respective total assets, liabilities, equity, revenues, and expenses.

Cash

1. Prepare a proof of cash for the period covered by the financial statements.

A proof of cash was prepared for the period covered by the financial statements without exception.

2. Determine if cash collection responsibilities are adequately segregated to ensure that the person responsible for cash collections is not responsible for posting accounts receivable or making deposits.

Cash collection responsibilities are adequately segregated.

3. Determine if bank reconciliations have been prepared for all months in the period covered by the financial statements. Determine if there is evidence of management review of the bank reconciliations. Determine if the reconciled balance for the final month of the fiscal year agrees to the general ledger.

Bank reconciliations have been prepared for all months in the period covered by the financial statements. All reconciliations had evidence of management review. The reconciled balances for the final month of the fiscal year did agree to the general ledger.

Credit Cards

1. Obtain from management a listing of all active credit cards (and bank debit cards if applicable) for the period under examination, including the card numbers and the names of the persons who maintained possession of the cards.

A list of all active credit cards for the period under examination was obtained from management.

2. Obtain the monthly statements for all credit/debit cards used during the period under examination and select for detailed review the largest (dollar amount) statement for the two cards with the most (dollar amount) activity:

A. Obtain the entity's supporting documentation for the largest purchase/charge shown on each selected monthly statement:

- Determine if each purchase is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

For each purchase examined, the charge was supported by an original itemized receipt.
 - Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

For each purchase examined, the business purpose for each charge was clearly documented.

- Other documentation as may be required by policy (e.g., purchase order, authorization, etc.)

For each purchase examined, there was no additional other documentation required by policy.

- Determine if selected purchases effectively circumvented the entity's normal procurement/purchasing process and/or the Louisiana Public Bid Law (i.e., large or recurring purchases requiring the solicitation of bids or quotes).

For the purchases examined, we determined the purchases did not effectively circumvent the District's normal procurement/purchasing process or the Louisiana Public Bid Law.

- B. Determine if there is evidence of management review of the two selected statements.

There was evidence of management review for the two statements selected.

Travel and Expense Reimbursement

1. Obtain a listing of all travel and related expense reimbursements during the period under examination and trace to the general ledger for completeness. Select for review the three persons who were reimbursed the most money:

The list of all travel and related expense reimbursements was obtained and traced to general ledger without exception.

- A. Obtain all of the expense reimbursement reports of each selected person, including the supporting documentation, and choose the largest expense report from each person to review in detail:

- Determine if each expenditure is:
 - Reimbursed in accordance with written policy (e.g., rates established for meals, mileage, lodging, etc.) and applicable laws

All expenditures were reimbursed in accordance with written policy.

- For an appropriate and necessary business purpose relative to the travel

All expenditures reimbursed were for appropriate and necessary business purposes.

- Determine if each expenditure is supported by:
 - An original itemized receipt (i.e., identifies precisely what was purchased)

All expenditures examined were supported by an original itemized receipt.

- Documentation of the business/public purpose (Note: For meal charges, there should also be documentation of the individuals participating)

All expenditures documented the business/public purpose of the expenditure.

- Other documentation as may be required by policy (e.g., authorization for travel, conference brochure, certificate of attendance, etc.)

Not applicable.

- Determine if each expense report (including documentation) was reviewed and approved, in writing, by someone other than the person receiving reimbursement.

All expense reports reviewed were approved in writing by someone other than the person receiving the reimbursement.

Contracts

1. Review accounting records (e.g., general ledgers, accounts payable reports, etc.) for the period under examination to identify individuals/businesses being paid for contracted services (e.g., professional, technical, etc.). Select the five “vendors” that were paid the most money during the period and determine if there is a formal/written contract that supports the services arrangement.

We reviewed the accounting records for the period under examination to identify individuals/businesses being paid for contracted services and selected the five vendors that were paid the most money during the period. Only one vendor had a written contract.

2. Obtain a listing of all active contracts and the expenditures made during the period under examination and trace to the general ledger for completeness. Select for detailed review, the largest (dollar amount) contract in each of the following categories that was entered into during the period.

(1) Services

Not applicable.

(2) Materials and supplies

A list of all contracts for the period was obtained and included one contract for furnishing gasoline and diesel fuel.

(3) Public works

A list of all contracts for the period was obtained and included one contract for public works. This contract was for the construction of the District's administrative office in Port Allen.

A. Obtain the selected contracts and the related paid invoices and:

- **Determine if the contract is a related party transaction by obtaining management's representation.**

We obtained management's representations that the contract was not with a related party.

- **Determine if the transaction is subject to the Louisiana Public Bid Law or Procurement Code:**
 - **If yes, determine if the entity complied with all requirements (e.g., solicited quotes or bids, advertisement, selected lowest bidder, etc.)**

The contracts were subject to the Louisiana Public Bid Law. The District complied with all aspects of the law.

- **If no, determine if the entity provided an open and competitive atmosphere (a good business practice) for the transaction/work.**

Not applicable.

- **Determine if the contract was amended. If so, determine whether the original contract contemplated or provided for such an amendment. Furthermore, determine if the amendment is outside the scope of the original contract, and if so, whether it should have been separately bid and contracted.**

The public works contract was amended as a result of the District desiring to reduce the overall cost of the project and thus did not require a separate bid.

- **Select the largest payment from each of the 3 largest contracts selected above and determine if the invoice(s) received and payment complied with the terms and conditions of the contract.**

The payments reviewed complied with the terms and conditions of the contract.

- Determine if there is documentation of board approval, if required.

The contract was approved by the Board in a public meeting.

Payroll and Personnel

1. Obtain a listing of employment contracts/salaries in force during the period under examination and trace to the general ledger for completeness. Select the five highest paid employees and:

- Determine if payments issued during the period under examination were done in strict accordance with the terms and conditions of the contract or pay rate structure.

During our review of the five highest paid employees, it was noted that for one employee the pay rate from July 1, 2012 to September 13, 2012 was entered for \$0.01 less than the actual approved rate per the personnel records. This was due to rounding differences when the payroll rate was calculated. This resulted in the employee being underpaid by \$3.20 during the period under examination. All other payments were made at the correct pay rate.

- Determine if changes made to hourly pay rates/salaries during the period under examination were approved in writing and in accordance with policy.

Not applicable – there were no changes to pay rates during the period under examination.

2. Select the attendance and leave records for one pay period in which leave has been taken by at least one employee and:

- Determine if all employees are documenting their daily attendance and leave (e.g., vacation, sick, etc.). (Note: Generally, an elected official is not eligible to earn leave and does not document his/her attendance and leave. However, if the elected official is earning leave according to policy and/or contract, the official should document his/her daily attendance and leave.)

For the payroll period selected, attendance and leave were properly documented for all employees.

- Determine if supervisors are approving, in writing, the attendance and leave of all employees.

For the payroll period selected, one employee timesheet was not approved by the supervisor. All other attendance and leave records during that period were properly approved.

- Determine if the entity is maintaining accurate written leave records (e.g., hours earned, hours used, and balance available) on all eligible employees.

For the payroll period selected, it was determined the District is maintaining accurate written leave records on all eligible employees.

3. Select the two largest termination payments (e.g., vacation, sick, compensatory time, etc.) made during the period under examination. Determine if the payments were supported by adequate documentation, made in strict accordance with policy and/or contract, and properly approved.

One termination payment was made during the period under examination. The payment was supported by adequate documentation, made in strict accordance with policy, and was properly approved.

Budget

1. Obtain a copy of the legally adopted budget and all amendments.

Not applicable – because the District’s financial statements are included in the State’s comprehensive annual financial report, they are not required to comply with the Louisiana Local Government Budget Act.

2. Trace the budget adoption and amendments to the minute book.

Not applicable – because the District’s financial statements are included in the State’s comprehensive annual financial report, they are not required to comply with the Louisiana Local Government Budget Act.

3. Compare the total revenues and total expenditures of the final budget to actual total revenues and total expenditures on the financial statements or AFR. Report variances of 10% or greater.

Not applicable – because the District’s financial statements are included in the State’s comprehensive annual financial report, they are not required to comply with the Louisiana Local Government Budget Act.

Debt Service

1. If debt was issued during the financial statement period, verify that State Bond Commission approval was obtained, as applicable.

Not applicable.

2. Determine compliance with applicable debt covenants.

Not applicable.

Corrective Action

1. Obtain management's response and corrective action plan for any exceptions noted in the above agreed-upon procedures.

Payroll and Personnel

Finding: During our review of the five highest paid employees, it was noted that for one employee the pay rate from July 1, 2012 to September 13, 2012 was entered for \$0.01 less than the actual approved rate per the personnel records. This was due to rounding differences when the payroll rate was calculated. This resulted in the employee being underpaid by \$3.20 during the period under examination.

Response: The District will reimburse the employee for the underpayment of wages noted in these procedures.

Finding: During our review of attendance and leave records, we noted one instance in which a supervisor did not document approval of an employee timesheet.

Response: The District believes this to be an isolated instance but will remind all supervisors of the importance of approving all timesheets in writing.

We were not engaged to perform, and did not perform, an audit, the objective of which would be the expression of an opinion on management's assertions. Accordingly, we do not express such an opinion. Had we performed additional procedures, other matters might have come to our attention that would have been reported to you.

This report is intended solely for the use of management of the District and the Legislative Auditor, State of Louisiana, and should not be used by those who have not agreed to the procedures and taken responsibility for the sufficiency of the procedures for their purposes. Under Louisiana Revised Statute 24:513, this report is distributed by the Legislative Auditor as a public document.

Griffin & Company, LLC

August 9, 2012